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# Building Long-term Customer Relationships in Service Business

– Suomen Hopealinja Oy



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<p>This thesis is part of the <i>Better products in time</i> project, which is funded by the Finnish Funding Agency for Technology and Innovation (TEKES). The project is coordinated by Turku University of Applied Sciences, the University of Vaasa, and Western Finland Design Centre (MUOVA). The goal of the project is to develop business operations of the Finnish boat industry companies by intensifying the patterns of their product development. Suomen Hopealinja Oy, which is the biggest freshwater shipping company in Finland, requested this thesis from Turku University of Applied Sciences. The goal of the thesis is to study current and potential business customer relationships of the company and present some ideas how to improve them.</p> <p>The research proved that the respondents' knowledge about the services provided by Suomen Hopealinja Oy are insufficient. However, the reputation of the company seems to be good among the respondents and current customers are willing to recommend their services. Suomen Hopealinja Oy should concentrate more on their customer relationships and try to improve them. Focusing on long-term customer relationships is a good way to increase the level of customer satisfaction and the profitability of the company in the long run. This thesis concentrates on the benefits of creating long-term customer relationships and encourages Suomen Hopealinja Oy to do some further research about their current customers and rethink their marketing operations, because it seems that at the moment they are not reaching their potential customers as effectively as possible. It was concluded that focusing on long-term customer relationships, finding the most profitable customers, and creating more effective marketing communication plan could help Suomen Hopealinja Oy to improve the business performance of the company.</p>	
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<p>Tämä opinnäytetyö tehtiin osana Teknologian kehittämiskeskuksen (Tekes) rahoittamaa <i>Better products in time</i>- projektia. Projektissa on mukana Turun Ammattikorkeakolu, Vaasan Yliopisto ja Länsi-Suomen muotoilukeskus (Muova). Projektin tavoitteena on kehittää Suomessa venealalla toimivien yritysten liiketoimintaa tehostamalla tuotekehityksen toimintamalleja. Suomen suurin sisävesivarustamo Suomen Hopealinja Oy pyysi tätä opinnäytetyötä Turun Ammattikorkeakoululta. Opinnäytetyön tavoitteena on tutkia yhtiön nykyisiä ja potentiaalisia yritysasiakassuhteita sekä esittää ideoita niiden kehittämiseksi.</p> <p>Tutkimus osoitti, että vastaajilla on riittämättömät tiedot Suomen Hopealinja Oy:n tarjoamista palveluista. Yhtiöllä on kuitenkin hyvä maine vastaajajoukossa ja nykyiset asiakkaat ovat valmiita suosittelemaan yhtiön palveluita. Suomen Hopealinja Oy:n tulisi saada enemmän irti nykyisistä asiakssuhteistaan. Pitkäaikaisiin asiakassuhteisiin keskittyminen on hyvä keino kehittää yhtiön asiakastytyvääisyyttä ja parantaa yhtiön tulosta pitkällä tähtäimellä. Tämä opinnäytetyö keskittyy pitkäaikaisten asiakassuhteiden vahvuuksien esittämiseen ja rohkaisee Suomen Hopealinja Oy:tä tekemään tarkempaa tutkimusta tämänhetkisistä asiakssuhteistaan sekä harkitsemaan markkinointisuunnitelmaansa uudelleen, sillä tällä hetkellä kaikkia potentiaalisia asiakkaita ei tavoiteta niin tehokkaasti kuin mahdollista. Tutkimuksen perusteella voidaan päätellä, että pitkäaikaisiin asiakassuhteisiin keskittyminen, kaikkein kannattavimpien asiakkaiden etsiminen ja tehokkaamman markkinointisuunnitelman luominen voivat auttaa Suomen Hopealinja Oy:tä kehittämään toimintaansa.</p>	
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# 1 INTRODUCTION

Competition in service business is fierce nowadays. Primary service providers in *Business to Business* (later B-to-B, see appendix 1) markets have to concentrate on the quality and consistency of the service in order to retain already existing customers. Companies have to differentiate themselves from the competitors somehow in order to stand out from the group of service providers. In service business, one good way for a company to stand out is to provide superior service and try to retain all profitable customers it already has. According to Zeithaml and Bitner (2006, 104), customers buy services they want to buy and not the ones they actually need. Close seller-buyer relationship creates higher level of loyalty and this holds true also in B-to-B markets. That is why creating long-term customer relationships is vital for the assigning company.

This Thesis is part of the *Better products in time-* project which is funded by the Finnish Funding Agency for Technology and Innovation (TEKES). The goal of the project is to develop the business operations of the Finnish boat industry companies by intensifying the patterns of their product development. In addition to Turku University of Applied Sciences also the University of Vaasa and Western Finland Design Centre (MUOVA) are part of the project. Suomen Hopealinja Oy requested a research from Turku University of Applied Sciences of their current B-to-B customer relationships and ideas how to improve them.

Long-term customer relationships are important for Suomen Hopealinja Oy, because their sales are seasonal and the competition is fierce in their business field. Holding on to the already existing profitable customers and offering added value for them is often cheaper than gaining new customer relationships (Fill C. & Fill K. 2005, 69). That is why concentrating on creating long-term customer relationships is beneficial for the company in the long run. Another positive outcome of the long-term customer relationships is customer satisfaction. Suomen Hopealinja Oy wants to improve their level of service and achieve higher customer satisfaction; focusing on long-term customer relationships is a good tool for that. Focusing on customer loyalty creates

more satisfied customers and increases the profitability of the company (Bovee & Thill 2001, 284).

### 1.1 Objectives of the Thesis

The objective of the research is to get valuable information from the customers and potential customers, on how Suomen Hopealinja Oy could improve their level of service among their B-to-B customers. In order to do that, a wide range of information about service business in general and long-term customer relationships needs to be gathered before the actual collection of primary data. The goal is to get answers to the following research questions: 1. How long-term business customer relationships can be developed in service business? 2. What is the current situation of customer awareness and satisfaction about the services of Suomen Hopealinja Oy among their business customers and potential customers? 3. How Suomen Hopealinja OY could improve their level of service among their B-to-B customers?

The main reason for doing this research was that Suomen Hopealinja Oy needed some information on how well their customers and potential customers in B-to-B markets are aware of their services and are they meeting their B-to-B customers' needs as good as possible. The goal is to provide information for Suomen Hopealinja Oy how well they are meeting their customer expectations and give some suggestions how they could improve their level of service among B-to-B customers.

### 1.2 Design of the Thesis

This thesis consists of two main parts: a theory part and an empirical part. The theory part is mostly collected from secondary data to identify relevant concepts and to support the findings of the empirical part. The reliability of the information and conclusions is enhanced by using multiple textbooks as secondary sources (Ghauri & Gonhaug 2002, 78). The theory part, concentrates on representing the service business as a whole, the basic ideas of B-to-B marketing, and how to develop long-term customer relationships in B-to-B markets. The main focus is in answering to the first research question: How long-term business customer relationships can be developed in service business?

The empirical part shortly represents Suomen Hopealinja Oy and describes the steps and results of the research requested by the company. The main focus is in answering to the second research question: What is the current situation of customer awareness and satisfaction about the services of Suomen Hopealinja Oy among their business customers and potential customers? The primary data was collected by telephone interviews and the questionnaire was prepared together with a representative of Suomen Hopealinja Oy. The research is a mixed customer satisfaction and market research survey, which was conducted in January-March 2010. The results may be used by the assigning company in improving their B-to-B customer relationships in the future. In the end of the thesis some suggestions for the Suomen Hopealinja Oy is made.

## 2 DEVELOPING LONG-TERM CUSTOMER RELATIONSHIPS IN B-TO-B SERVICE MARKETS

### 2.1.1 What is a Service?

When people think of service, they tend to think only of *customer service* (see appendix 1). However, there is much more to service than just the service, which is offered to support the company's core product. There are many ways to describe service, but in the simplest terms it is the intangible equivalent of a good. Service is usually consumed at the time it is produced and it creates extra value for the customer. Services can be divided into four categories, which are service industries and companies, services as a product, customer service, and derived services. (Zethaml & Bitner 2006, 4-6)

Service industries and companies are organizations, whose core product is service. Examples of pure service businesses are companies which are working in transportation, financial services, or health care. There are numerous organizations which are offering services as their core product. (Zethaml & Bitner 2006, 5) Most of the companies can be classified as *goods-producing businesses* or *service businesses* (see appendix 1), but the line between these two categories is often unclear. The trend is that many pure goods-producing companies are offering more and more supporting services, in order to create *competitive advantage* (see appendix 1) over their competitors. (Bovee & Thill 2001, 4)

Services as products are intangible product offerings, which are consumed at the time they are produced and create extra value for the customers. Service products are sold by goods-producing businesses and service businesses. Many goods-producing companies are offering more and more supporting services like consulting, after sales services, transportation, and financial services, because it is hard to gain competitive advantage through physical products alone. (Zeithaml & Bitner 2006, 5-9)

Customer service is a crucial part of the service, but as mentioned earlier it is not the only part. Customer service is a series of activities that is offered to the customers to



support the company's core products. The goal is to enhance the level of customer satisfaction by creating a feeling that a product or service has met the customer expectations. Customer service can be provided by a person, over the phone, or via internet. Usually, customer service is free of charge and should not be confused with the services as products. High level of customer service is essential in building long term customer relationships; because it is likely that a customer will be more loyal to the company when they are satisfied. Taking care of the customers in service business is very important, because people tend to buy services they like from people they like. This is why customer-employee interface is so crucial in service sector. (Zeithaml & Bitner 2006, 5-9)

The idea of derived service takes the definition of service to another level. It suggests that the value of the product is really the service provided with the good and not only the good itself. This means that a car provides a transport service and a pharmaceutical provides a medical service. Even though this view is a bit abstract, it proposes that in the future we may think broader about services than we do today. (Zeithaml & Bitner 2006, 6; Bovee & Thill 2001, 5)

Because of the fierce competition in markets, the companies are searching new ways to differentiate themselves from the competitors. One effective way, is to add value to their products and services by offering superior service to their customers. Meeting customer expectations in the quality of service is especially crucial for a company, which works in service business because service is all they have got. Finding out the customer expectations is important in order to meet them. A good way to find out what the customers are expecting from the company is to ask from them by making a customer satisfaction survey.

### 2.1.2 Service Businesses

As mentioned in the previous chapter, most of the companies can be classified as goods-producing businesses or service businesses, but the line between these two categories is not clear. Some companies are offering both products and services and there are only few pure products and services. The trend is that companies are offering more services in order to differentiate themselves from the competitors. However, the basic definition

of service business is that they are companies which provide intangible products to consumers or other businesses. Some examples of pure service businesses are companies that work in the following sectors: finance, insurance, health care, banking, entertainment, repairs, or information. (Bovee & Thill 2001, 4-6)

Goods-producing companies tend to be *capital-intensive* (see appendix 1), while service businesses tend to be more *labor-intensive* (see appendix 1). This means that service businesses rely more on human resources than on for example buildings, machinery, and equipment. That is why the existence of service business is often heavily dependent on the knowledge and skills of the personnel. Taking good care of the employees is extremely important in service sector, because a consultant service without good consultants is nothing. *Barriers to entry* (see appendix 1) are usually higher in capital-intensive business, so launching a business in market tends to be a bit easier in service business than in capital-intensive manufacturing business. However, becoming a high-valued service business may take a long time, because experience is valued in service business. (Bovee & Thill 2001, 4-6)

### 2.1.3 Main Characteristics of Service

There are numerous definitions for the word service. However, a large number of authors agree that there are four main characteristics of services. These are *intangibility*, *perishability*, *inseparability*, and *heterogeneity* (see appendix 1).

Intangibility is one of the main characteristics of service, which is pretty easy to understand when we think of typical service businesses like banking, health care, and entertainment. Services are performances and actions rather than objects and they cannot be seen, felt, tasted, or touched. Certain components of the service are tangible and can be touched, like a bank card, but the main product is the service which is sometimes hard to comprehend. It is not possible to store services, so variations in demand are often difficult to manage. Services cannot be easily patented and therefore it is simple for a competitor to copy a new service concept. Displaying and communicating the service to the customer is difficult, that is why it is hard for the customer and even for the service provider to evaluate the quality of the service. The actual price of the service is hard to determine, which creates difficulties in pricing and

price-quality comparisons. Choosing what to include in advertising and promotional material is a challenge, because before these decisions the company has to know what their target market wants to hear about their service. (Hill & O'Sullivan 2004, 33-35; Zeithaml, Bitner 2006, 6)

Perishability of the service means that it is not possible to save, store, resell or return the service. Service is meant to be consumed at the certain place at the certain time, and if this does not happen, the service cannot be performed for the customer. This is a lost business opportunity for the seller, because a service cannot be resold. For example, an empty seat on airplane cannot be used or charged after departure. On another hand, the customer cannot store the service either, because a service vanishes when the customer has consumed it. Challenges in marketing implications are for example: forecasting the need for the service and that there has to be a way to fix the service, which has gone wrong. It is crucial for the service companies that customer is satisfied with the service after consumption and if there are any problems they should be fixed right away, because service is all that these companies have. (Hill & O'Sullivan 2004, 33-35; Zeithaml, Bitner 2006, 24)

Inseparability means that the service cannot be separated from the service providers and it is consumed at the place of production. The goods are produced, sold and consumed. As for services on the other hand, are generally sold first, then produced and consumed simultaneously. Employees are a part of the service and are inseparable like the whole production process. This is why choosing the right employees and being close to the customer is a challenge for the service business. Goods can be produced far away from the consumer, but services are consumed at the place of the consumption or nearby. Also the consumer and other customers are inseparable from the service delivery, because they are involved in the consumption process. (Hill & O'Sullivan 2004, 33-35; Zeithaml, Bitner 2006, 23-24)

Heterogeneity means that no two services are alike, each service is unique. That is why providing consistent service quality is challenging. The performance of the employee may differ from day to day and even from hour to hour. In the eyes of the customer, the employee is the service and that is why it is crucial for the company to choose right employees. Heterogeneity also results because of the customer. No two customers are

alike; each has unique demands and expectations of the service. Ensuring high quality in service business is difficult, because many uncontrollable factors have influence on the level of service. (Hill & O'Sullivan 2004, 33-35; Zeithaml, Bitner 2006, 23)

## 2.2 Creating Profitable Business-to-Business Customer Relationships

Company's most valuable asset is its customer base and that is why maintaining and growing the company's customer base is important for the future of the company. The customer is the only source of positive cash flow for the company and that is why they are so important for the total profit of a business. Long-term customer relationships are important both in consumer and B-to-B markets, but companies tend to be more loyal to their partners than consumers because it is easier for a consumer to change the supplier than for a company. Acquiring new customers is a difficult process and it requires careful customer relationship marketing, because every new customer is not beneficial for the company. Before starting the acquiring process, the company should find out their target group and also who is not a good target customer because avoiding nontarget customers in marketing process can lower the total cost of acquisition and raise customer retention rates. In B-to-B markets the first sale is very important because it determines whether the pattern of repeated orders will happen or not. That is why it is so important for the company to understand their customer needs and try to meet them as well as possible. How a customer is handled before, during, and after the sales will determine the future of the customer relationship. Especially, B-to-B customers are willing to hold on to the reliable supplier which services they are satisfied with. The greatest benefit of a strong *customer focus* (see appendix 1) is a higher level of customer satisfaction, which creates a higher level of customer loyalty. Customer satisfaction and loyalty in turn drive customer profitability, so customer focus shapes the total profitability of a business. (Figure 1) Taking good care of satisfied customers will create long-run benefits for the company and that is why building long-term relationships with the best customers is so vital for the company. (Best 2005, 5-8; Ford, Gadde, Håkansson, Lundgren, Snehota, Turnbull & Wilson 1998, 151-152)

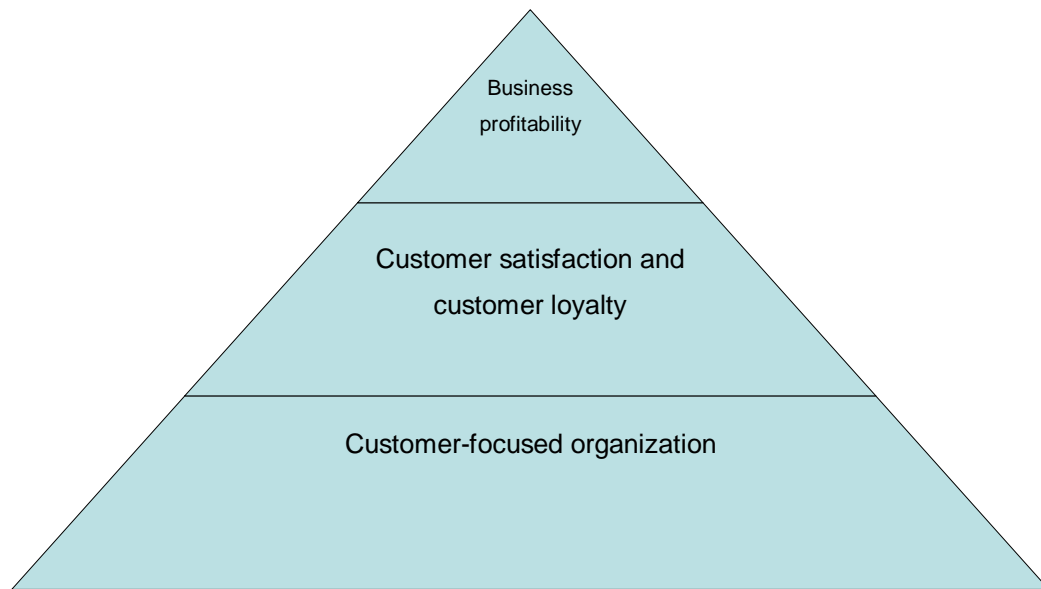


Figure 1: Concentrating on customers translates into higher levels of business profitability.

Companies buy products and services in order to serve their own customers better. That is why the main focus in marketing operations should be on how your service helps the business to serve its customers better than competitors' products and services. The best way to stand out from the competition is to provide added value for the customers by offering superior service, but also the reputation of the company is important. Concentrating on the quality of a service is important because bad service experience can negate the whole marketing effort. In B-to-B service business customers pay attention to the *company image* (see appendix 1) and especially to the reputation of the company, which is one part of the overall image of the company. Companies are more willing to do business with the company that has a reputation for always delivering quality service than with a company that has a reputation of low level of service. Another way to stand out from the competition is to offer custom-designed services, which are valued in B-to-B markets because they are designed to meet the particular needs of a given customer. In B-to-B markets companies usually have some special needs and it is extremely important for a service business to meet those needs. For primary service providers like Suomen Hopealinja Oy, concentrating on the quality and consistency of the service is vital, because companies tend to use same service provider

if they are satisfied with the level of the service. Happy and satisfied customers tend to behave in positive manner and they will most likely buy a lot from the company, so keeping customers happy and satisfied will create long-run profits for the company. (Ford, Gadde, Håkansson, Lundgren, Snehota, Turnbull & Wilson 1998, 151-152; Hill & O'Sullivan 2004, 106-108)

*Personal selling* is the most important and the most expensive tool in B-to-B marketing. There are strengths and weaknesses associated with this promotional tool. The major strength is that the sales process has a huge potential to solve customer problems and salespersons are important link between company and customers. Another benefit is that it provides a possibility for direct feedback from the customer. The major weakness is the cost of the personal selling. The time that sales personnel spends with customers and prospective customers is not free, so creating alternative ways to communicate a message to a customer has to be found. However, face-to-face communication with the customers by the representative of the organization is extremely important in B-to-B markets. Informing, persuading, and reminding the customer to take appropriate action ensures long-term customer relationship with the company. Taking care of the customers and listening to their needs is very important and sales personnel plays huge role in delivering the message between the organization and the customer. Other common communication tools in B-to-B markets are exhibitions and increasingly direct mail. (Fill C. & Fill K. 2005, 312-316, 338)

### 2.3 Relationship Marketing Creates Long-Term Customer Relationships

*Relationship Marketing* (RM, see appendix 1) is a form of marketing, which has developed from direct response marketing campaigns. RM is extremely important in B-to-B markets and in service business because B-to-B service business customers tend to value long-term relationships with their suppliers. RM emphasizes customer retention and satisfaction, rather than focusing solely on sales. *Lifetime value of the customer* (see appendix 1) is more important than *one-time sale*. RM highlights the value of long-term customer relationships and extends communication between company and customer beyond tactless advertising and promotional messages. Customer relationships are seen more like partnerships, where both parties are winners. RM refers to a long-term and

mutually beneficial agreement where both the buyer and the seller have an interest in providing a more satisfying exchange. (Whalley 2001, 15)

The development process of Relationship Management has been quite long. The early definition of RM is that it is attracting, maintaining, and enhancing customer relationships. Later on, the definition has been taken even further and the idea that not all customers or potential customers should be treated in the same manner has become part of the basic ideas of RM. The company should choose the most profitable customers and hold on to them, rather than try to acquire new customers all the time. According to Whalley (2001, 15), *80:20 rule* (see appendix 1) applies for most of the companies. It means that 20% of the customers generate more than 80% of the company's revenue and profit. That is why choosing the right customers and not wasting time with non-profitable customers is very important for the company. (Whalley 2001, 15)

Another big step towards the final definition of RM was the idea of '*a win-win situation*' (see appendix 1) in marketing. Past markets have been battlefields and the goal has been to be a winner over not only the competitors but also the customers. RM approach changed that way of thinking and companies started seeking strategies to create relationships with the customers, which were beneficial for both the buyer and the seller. Companies started to create lifetime relationships with the customers by mutual exchange and fulfillment of promises. (Egan 2001, 15-17)

The latest definition of RM is: "Identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and this is done by mutual exchange and fulfillment of promises." (Egan 2001, 17) This definition will be sufficient at the moment, even though no definition will ever be perfect.

A key principle of relationship marketing is the retention of customers through different means and practices to make a certain repeated trade from already existing customers. Back in the day, companies used to concentrate on single sales but RM took the marketing one step further and started to concentrate on customer retention. Nowadays, the idea of relationship marketing is going even further and partnership approach has

become even more popular, because companies have realized that holding on to the loyal and profitable customers will increase the profitability of the company in long-run.

#### 2.4 The Profits of Long-Term Customer Relationships

The act of developing long-term profitable customer relationships will not only create wealth for the company at the moment, but it is also another good way of ensuring the retention of customers and thereby the survival and profitability of the company in the long-run. According to Fill C. & Fill K. (2005, 69) it is usually much cheaper for the company to keep and improve the existing customer relationships than to gain new ones. Higher level and closer relationships tend to be more common in B-to-B environment than in consumer markets. It is easier for a consumer to change the service provider, but companies tend to be more loyal to their suppliers. Most companies value long-term relationships and they realize that it is beneficial for both the seller and the buyer to create partnerships instead of *one time sales* (see appendix 1).

Long-term customers tend to be less price sensitive and more loyal to the company than one time buyers. This can result in increased sales and extra profit for the company. According to Whaley (2001, 20), 5% increase in customer retention can create an extra profit of between 20% and 125%. In addition to increased profit long-term customers have other positive outcomes for the company too. Satisfied long-term customers tend to spread positive *word of mouth* (see appendix 1) promotions and referrals to their family and friends. Customers that stay with the company tend to be pleased with their relationship and are less likely to switch to competitors. This makes it difficult for the competitors to enter the market or gain a market share. Satisfied long-term customers tend to be less expensive for the company because they are familiar with the patterns, require less education, and are consistent in their order placement. Increased customer retention makes the employees' work easier and more satisfying, so holding on to the customers is not only beneficial for the company but its' employees as well. Happy employees in turn feed back into better customer satisfaction and creates a virtuous circle. (Bovee & Thill 2001, 284)

In order to gain long term relationships with profitable customers companies should hold on to their best employees. Especially, in service business customer-employee



relationships are important because employees are part of the service. Research suggests that the quality of relationships is largely determined by how employees at the front line make customers feel (Barnes and Howlett 1998, 21). Gummensons model of return on relationships (1999, 184) suggests that building good internal quality operations leads to happy and content employees producing quality services, which in turn leads to customer retention. Taking care of the employees and making sure that they are satisfied will help the company to develop long-term customer relationships.

## 4 RESEARCH PROCESS AND METHODS

### 4.1 Presentation of Suomen Hopealinja Oy

Suomen Hopealinja Oy is the biggest freshwater shipping company in Finland. It operates in Central Finland, more specifically, in freshwater areas between Hämeenlinna, Valkeakoski, and Tampere, as well as, between Keuruu and Mänttä. Silverlines owns 8 modern motor ships: m/s Silver Swan, m/s Silver Moon, m/s Silver Star, m/s Ratina, m/s Tammerkoski, m/s Rosendahl, m/s Tampere, and m/s Elias Lönnrot.

Suomen Hopealinja Oy's motor ships have operated on lakes Pyhäjärvi and Vanajavesi for over 60 years. The company started its business between Tampere and Hämeenlinna with a 28-seat Vanaja boat, but nowadays the route is operated with even 250-seat modern motor ships. Silverlines offers numerous route alternatives for special and theme cruises as well as regular route traffic, which is operated according to scheduled timetable during the summertime. Sailing season starts from April and lasts out to December, but most of the cruises are organized from May to September.

Suomen Hopealinja Oy has over a 100 000 customers every year. Customers are private consumers, groups, and companies. Regular route traffic is destined for private customers, but it is possible for groups and companies to reserve a table from regular cruises as well. Suomen Hopealinja Oy offers package tours, which include bus and boat tickets, lunch and entertainment onboard and even possible entrance fees. It is also possible to plan a tailored cruise designed for the exact needs of the customer. Silverlines helps to plan a suitable event according to the wishes of the customer. This thesis concentrates on the company's B-to-B operations. (Suomen Hopealinja Oy 2010)

### 4.2 Research Method

The qualitative method was used for this research, because Suomen Hopealinja Oy wanted to understand better their B-to-B customers' needs and to get some ideas how to develop their B-to-B customer relationships. Qualitative research concentrates on understanding the respondent's point of view and findings are gathered from real-world settings. In qualitative research, sample size is small but information gathered per

respondent is much in order to gain in-depth insight into a phenomenon. The analysis is subjective and that is why the researcher plays an important role in the analysis of data. The purpose of the study was to gain information from the respondents how Suomen Hopealinja Oy could improve their level of service and qualitative methods are best for this purpose. (Ghauri & Gonhaug 2002, 101 85-87; Golafshani 2003)

Suomen Hopealinja Oy wanted to conduct a customer satisfaction survey and to get an idea what their potential B-to-B customer's expectations are. The goal was to get some beneficial information on how Suomen Hopealinja Oy could improve their level of service and enhance the level of B-to-B customer satisfaction and retention. In service business, it is important to meet the customer expectations and even exceed them because customers buy services they want to buy and not the ones they actually need (Zeithaml & Bitner 2006, 142). According to Ghauri (2002, 102) the best data collection method is interview because there is real interaction between the researcher and the respondent. The advantage of interviews is that questions can be formulated in many different ways, they can be explained better and even further questions can be asked. There are three main types of interviews: interview by mail, interview by telephone, and personal interview. (Ghauri & Gonhaug 2002, 101)

In this case, interview by telephone was chosen because according to Managing Director of Suomen Hopealinja Oy Pekka Räsänen it is the best way to do this survey. Personal interviews are out of picture because it takes too much time to interview everyone personally and most of the interviewees are from Tampere region. Räsänen assumed that response rate will be higher if we use telephone interviews instead of e-mail interviews, because it is so easy not to answer an e-mail questionnaire. Räsänen also said that personal contact with their customers and potential customers is vital for the company, so choosing a more personal interviewing technique was self-evident. The survey is not made for marketing purposes, so it is valid and it is not biased.

#### 4.3 Telephone Interviews

There are both supporters and opposers of telephone interviews as a research method. The supporters of the telephone interviews argue that they are the best way to collect primary data because the quality of the answers is higher when the researcher and the

respondent are in interaction. Unlike regular questionnaires, telephone interviews allow the respondent to ask some questions from the interviewer if he does not understand the question. Open-ended questions are usually used in telephone interviews because they allow respondents to answer according to their own thinking as answers are not constrained by only a few alternatives. Another benefit of the telephone interview is also that the researcher gets the answers at once and he or she can ask some extra questions from the interviewee if needed. As a whole, interviews give more accurate responses and clearer pictures of the respondent's behavior and position. (Ghauri & Gonhaug 2002, 100-103)

Telemarketing has become a common way to sell different kinds of products which is why people tend to have negative attitudes about telephone interviews even when the interviewers are not trying to sell anything. Respondents may feel like they are sold something based on their responses, so it is important to think how to start the phone call. Questions should also be formed in a manner that they do not sound like telemarketing phrases. It has been researched that if the interviewer asks beyond 12 questions the respondent gets agitated, so there should not be too many questions and the interview should not take too long. That is why planning the questionnaire is extremely important. The critics of telephone interviews say that it is an overused method and it does not build confidence in the respondent and people who participate often have a strong positive bias, which gives an inaccurate picture of the research topic. The interviewer has a big role in the telephone interview and his techniques can affect the responses. In order to get credible answers, the interviewer should be as objective as possible. (Whalley, Headon, O'Connor, and Darren 2001, 102)

#### 4.4 Collecting Primary Data

After choosing the right research method, the next step was to prepare the questionnaire for the interviews. The semi-structured interview technique was used in this survey. It means that the topics and issues have to be covered, people have to be interviewed, and questions to be asked have been decided beforehand. (Ghauri & Gonhaug 2002, 101) In order to get the relevant information for the assigning company, the questionnaire was prepared together with representative of Suomen Hopealinja Oy, Pekka Räsänen (MD). Räsänen told me what kind of information they would like to get from the survey and

the questionnaire was made according to his wishes. After the first draft of the questionnaire was done, Räsänen made some comments about the questionnaire and added some questions to it before the final version of the questionnaire was done.

The collection of primary data was started in January 2010. Suomen Hopealinja Oy provided a list of 100 companies and their telephone numbers. The task was to reach as many respondents as possible. While collecting the primary data, the complexity of task was noticed - it took about one hour to get one response. The total number of responses was lower than expected, but the response rate was still satisfactory: 10 answers from the customers of Finnish Silverlines and 16 from potential customers. About half of the numbers on the list, did not answer at all or they were out of function and one fourth did not want to take part in the survey. Reaching the right people to answer the questions was also difficult because there were many call center numbers on the list. However, the response rate of 26% is pleasing and it is a moderate response rate in this kind of telephone interview. A low response rate can cause *sampling bias* (see appendix 1), but a low response rate does not guarantee lower survey accuracy but instead indicates a risk of lower accuracy (Ghauri, Gronhaug 2002, 136-138).

After collecting all the primary data, the analyzing of the responses was done. The purpose of the analysis is to find out the meaning to the mass of collected data. It is usually the most time consuming and the most challenging process for the researcher. The drawing of conclusion is an important phase and the purpose is to arrive at valid explanations. The researcher must be careful in this phase because alternative explanations are possible in most cases. (Ghauri, Gronhaug 2002, 136-138)

Findings of the research are represented on the next chapter. The results of the research may be used by the Suomen Hopealinja Oy's management in improving their B-to-B customer relationships in the future.

#### 4.5 The Reliability and Validity of the Research

In order for scientific research to be credible it has to be reliable and valid. Reliability means the consistency of the measurements and validity means the accuracy of the measurements used in a research. Reliability and validity are testing the quality and trustworthiness of the research. The credibility of the research can be improved by

discussing about the strengths and weaknesses of the research. (Ghauri & Gonhaug 2002, 139; Golafshani 2003)

The reliability of this research can be questioned because the critics of the telephone interviews argue that respondents tend to have a strong positive bias of the company (Ghauri & Gonhaug 2002, 100-103). However, the sampling bias has been minimized in this research by choosing a researcher who is not an employee of Suomen Hopealinja Oy and the research is not made for marketing purposes. The results of qualitative research are valid only on the particular cases, so arguing about the reliability and validity of them is somewhat pointless. The measurements of the research are consistent and the quality of the responses is good, because respondents could answer according to their own thinking as answers are not constrained by only a few alternatives. The findings of the study can be generalized because the results will be similar researched by other observer, but more general conclusions are just hypotheses and that is why this thesis concentrates drawing conclusions only on this particular case. Overall reliability and validity of the research was successful.

## 5 RESEARCH RESULTS

### 5.1 Awareness and Satisfaction of Suomen Hopealinja Oy among Business Customers

The analysis of the survey was made question by question. The answers from ten customers of Suomen Hopealinja Oy were received and these results are gathered from their answers (see appendix 2).

#### *The familiarity and awareness of the services:*

The purpose of the first question was to classify the respondents as customers and prospective customers. All ten respondents were familiar with Suomen Hopealinja Oy, but not all of them had used their services during the past year. The questions for current customers were asked also from the respondents who have not used company's services during the past year; because the questionnaire can be easily answered even the cruise has been done a while ago. Four out of 10 respondents had not been onboard even if they were responsible for arranging the cruise. Their answers are based on the feedback they have got from the participants, but they do not have personal experience from the cruise. All respondents are responsible for planning company events, so lack of personal experience does not have an effect on their answers. Six of ten respondent said that they have used services of Suomen Hopealinja Oy as private customers and one of the respondents said that it is a part of common knowledge for a person who lives in Tampere to know Suomen Hopealinja Oy.

#### *The type of organized event and awareness of ready-made service packages:*

Most of the respondents said that they have used the services of Suomen Hopealinja Oy for customer, personnel, and other reference group events. One of the respondents said that they had used services to show the amazing Finnish lake scenario to their foreign visitors. One smaller company has also used the table reservation service, because they did not have need to rent the whole ship.

Seven out of ten companies have used some kind of ready-made service package, but not a single one could remember the name of the packet. Three out of ten customers said that their service had been tailored just for the needs of their company. According

to the respondents, ready-made packages are used when companies do not want to waste time for the planning of the event and they do not have any special needs. Tailor service is used when companies want to cruise a special route or they have some other special requests.

All of the respondents knew about the ready-made packets but not a single respondent could tell more about them. Three out of ten respondents mentioned that they had received direct marketing material from Suomen Hopealinja Oy. One of the respondents said that a representative of Suomean Hopealinja Oy had called her a week ago and told her about the packets. Two out of ten respondents wished to get more marketing material from Suomen Hopealinja Oy.

*The level of customer satisfaction:*

All ten respondents were satisfied with the service of Suomen Hopealinja Oy and said that service had met their expectations every time. Four out of ten had not been onboard even though they had arranged the cruise, but they said that they had not received any negative feedback from the participants. According to the experience of the respondents, people will honestly give negative feedback if there is a reason to complain. If organizers do not receive any complaints, they assume that everything has gone as planned. One of the respondents mentioned that they had been so satisfied with the service that she wrote a thank-you e-mail to Suomen Hopealinja Oy after the cruise.

*The improvement ideas for Suomen Hopealinja Oy:*

Question about the ideas for improvement was hard for all the respondents. Most of them said that they need more time to come up with some ideas. All customers, who were interviewed, were satisfied with the service of Suomen Hopealinja Oy and that is why it was difficult to come up with improvement ideas so fast. Some respondents said that it was so long time ago they were on the cruise that they do not remember their improvement ideas. However, a few of the respondents came up with some suggestions.

Three out of ten mentioned the need of smaller motor ships, because some of the company events have fewer participants and hiring a big motor ship for a little event is expensive. One of the respondents mentioned that language skills of the crew and



flexibility in the timetable are important. She had not been on a cruise, so she did not know if these things are already in order, but she figured that it would be good for the Suomen Hopealinja Oy to pay attention to these details.

One of the customers hopes for more options instead of only the regular cruises. She also wishes that the marketing team of Suomen Hopealinja Oy would be more active and send more marketing material to their already existing customers. Hearing about the products of the company from the company itself is better than trying to find out what they have to offer. According to the respondents, organizers do not have time to search information from all the possible places in order to organize a single event. Direct marketing material is a good way to keep in touch with the customers and remind them what the company offers.

One of the customers said that they had had problems with music equipment onboard. She did not know precisely what the problem was, but she hoped that there would not be any problems with them in the future. The respondent said that taking care of the equipment and the cleanliness of the boats is really important.

*The willingness to use the services of Suomen Hopealinja Oy in the future:*

None of the respondents said that they would never use the services of Suomen Hopealinja Oy again. One of the customers said that their events are mostly at winter time, but if there would be a need for a summer event, an inshore cruise with Suomen Hopealinja Oy is a good alternative. Eight out of ten respondents said that it depends on the future needs of their company if they will use Suomen Hopealinja Oy or not. If there was to be an event that is possible to arrange on a motor boat, nine out of ten respondents would use the services of Suomen Hopealinja Oy. One of the respondents does not arrange company events anymore, but she said that she recommends using Suomen Hopealinja Oy to the person who is responsible for planning company events nowadays.

*The future of company events outside of the company's premises:*

Three out of ten respondents said that the economical situation has a huge impact on their event organizing. At the moment, they do not organize events at all or they only

arrange obligatory events with a minimum budget. All three respondents, whose companies have minimized their event organizing at the moment, have faith in a better tomorrow. They believe that in the future their companies will start organizing events for customers, personnel, and other reference groups like they did before this downturn.

Seven out of ten respondents said that the economical situation does not have an effect on their event organizing. One of the respondents said that, keeping customers, personnel, and other reference groups happy is vital for the company operations, so saving money from event organizing is the last option. All seven respondents, whose companies have not cut their event expenses, have paid attention to their fiscal policies, but they have decided to save money from somewhere other than event planning.

*A few extra questions were asked from the respondents, in order to get more information about their event organizing habits and how they chose where they organize their events. Extra questions to the customers were: How often do you organize events for customers, personnel, and other reference groups? Which are the main factors that affect on the final choice of the event place? From where do you get information about event places?*

All ten respondents said that their companies arrange a few events for their customers and personnel every year. The most typical events are summer and Christmas parties. The quantity of organized events is rather small, so competition in event organization business must be fierce.

According to the respondents, there are many factors that have an effect on their final choice of the event place but there were similarities between the responses. All ten respondents said that the event place must be suitable for the occasion and the amount of participants has a huge impact on the final decision of the event place. Most of the respondents said that the quality of service is more important than price, but of course price also influences to the final choice. All respondents said that they would most likely use same service provider again if they are satisfied with the service, so it is crucial to pay attention to the level of service especially in B-to-B markets. It is easier for the organizers to choose a service provider they already know, because customers already know what to expect. Eight out of ten respondents mentioned that location is

important for them. Transportation should be easy to and from the location and all respondents said that they favor local service providers, because it is important to support local companies. Few of the respondents mentioned that arranging some kind of food and drink serving and entertainment for the participants is also important. It is always easier for the organizer if the service provider can offer some entertainment, so the organizer does not have to come up with all ideas.

All respondents said that most of the information about possible event places comes from the internet. There is a website which provides contact information of all service providers in Tampere area, so information is available for anyone at any time. Other ways of getting information according to the respondents are reading marketing material and *word of mouth* (see appendix 1). Organizers take part in exhibitions and they talk with other organizers about their event experiences. All respondents mentioned that previous experiences have a big influence on the final decision. Organizers think that it is easiest for them to choose a service provider which they already know and they know what to expect from them. A satisfied customer is likely to do business with the company again.

## 5.2 Awareness and Satisfaction of Suomen Hopealinja Oy among Potential Business Customers

Answers from 16 potential customers were received. One of the respondents was not from the target group of Suomen Hopealinja Oy. The company she represents operates in the Helsinki area but the questions were asked from her anyway, because questions for potential customers are about company's event organizing in general and not about Suomen Hopealinja Oy. One of the respondents was an old customer but the questions for potential customer were asked from her, because it had been a while since she has used the services of Suomen Hopealinja Oy. The results were gathered from the answers of the 16 potential customers.

### *The familiarity and awareness of the company:*

The purpose of the first question was to classify the respondents as customers and prospective customers. Four out of 16 respondents said that they were not familiar with Suomen Hopealinja Oy and that they have not used their services in the past year. One

of the respondents had worked for the company such a short time, that she was not sure if they had used Suomen Hopealinja Oy's services in the past year. The questions for the potential customers were asked from her too. 11 out of 16 respondents knew Suomen Hopealinja Oy and what they had to offer, but they had not used the services of the company before. One of the respondents said that it has been over a year since they have used the services of Suomen Hopealinja Oy and that is why the questions for potential customers were asked from her.

*Detailed information about the awareness of the services:*

Respondents had some basic information about Suomen Hopealinja Oy and their services. Five out of 16 said that they did not have any knowledge about the company and its' services and the remaining eleven respondents had some basic knowledge about the company. Most of the respondents knew that Suomen Hopealinja Oy provides inshore cruises in Tampere area, but detailed information about the services was low. Ready-made package services were familiar to five out of 16 respondents and all of them said that they had read about the packages from the marketing material of Suomen Hopealinja Oy.

*Company events outside of the company's premises:*

13 out of 16 respondents said that their companies arrange events outside of the company's premises every now and then. Remaining three respondents said that they use the company's own premises if possible. One of the respondents said that they use company's premises because of the economical situation and at the moment they arrange only the most important events. Two respondents said that their companies have good premises for arranging events and it is practical to use them, so arranging events outside of the company's premises is not of a current interest.

Respondents arrange all kinds of happenings for their reference groups. For personnel, companies arrange one to three events yearly: summer party, Christmas party, and training or recreational day. According to the respondents, there are sometimes also special events for personnel, when their colleagues for example retire or have birthday. For their customers respondents arrange various client events. Many respondents said that it is important to take care of their customers and to keep in touch with them, in

order to build lifelong customer relationships. Only one of the respondents mentioned that their executive group meets two to four times a year, but most likely other respondents did not think executive group's meetings as company events.

*The frequency and arranging place of company events:*

Event place depends on the character of the event and the number of participants. Popular locations are different restaurants and meeting places with the possibility to go to sauna. Three out of 16 respondents mentioned that it is important that the location is in Tampere area, so it is easy to arrange transportation to the place. Companies try to come up with new ideas to entertain their personnel and clients but it is easy to use a service provider, whose services they have used before and they are satisfied with. This saves a lot of the time of the organizer and companies know what to expect from the service provider. One of the respondents said that they arrange client events at ice-hockey games about five times per year. Their company sponsors an ice-hockey team and they get free tickets to the games, so it's easy for the organizer to arrange the event and the feedback from the participants has been positive. One of the respondents said that their company had been on a freshwater cruise, but the provider was not Suomen Hopealinja Oy and one company said that they had organized snowmobile safaris in Lapland. According to the respondents imagination is important when arranging company events.

The number of organized events varies a lot from a company to another. Two respondents said that their companies arrange events rarely and future is uncertain because of the economical situation. Six out of 16 respondents said that they arrange two to three events every year: one to two for personnel and one to two for customers. One of these six respondents said that they arrange two to three events for personnel every year and client events are organized when needed. Three out of 16 respondents said that they arrange three to five events every year and one of them uses company's premises. Two out of 16 respondents said that they arrange about one event per month and three companies organize 20-40 events every year. Companies which organize events more often have many smaller events like meetings and the total number of bigger events is about one to five per year.

*The factors that affect to the final choice of the event place:*

According to the respondents, it is hard to come up with all the factors that affect on the final choice of the event place, but three main factors that almost all respondents mentioned were: location of the event place, the amount of participants, and price.

All except one company are from Tampere area, so they choose to use service providers in Tampere city center or the ones that have good connections for transport. All participants should have easy access to the event place, but of course the nature of the event sometimes requires a little bit travelling like in case of a snowmobile safari.

According to the respondents, the amount of participants has a great influence on choosing the event place. One of the respondents mentioned that they need space for minimum 100 persons and another interviewee said that their smallest events can be for five persons only. Organizers have to choose a place that fits the size of the group and also the character and goal of the event.

Almost all respondents said that price affects on the final choice of the event place, however one interviewee said that the quality of the service is much more important than the price. The potential customers of Suomen Hopealinja Oy seem to be quite price-sensitive but they also require high level of service. One of the respondents said that price is the most important factor for the company she represents and that they use their own premises because they are free of charge. Eight out of 16 respondents said that they will prefer a service provider, which they have used before and whose services they have been satisfied with, in their future events.

Some other factors that were mentioned by the respondents were: the purpose of the event, the background of the participants, food and drinks, new experiences, and the cleanliness of the location. One of the respondents said that the owner of the company has the final word, but he listens to the employees and what they would like to do.

*The source of information about event places:*

All respondents said that most of the information about possible event places comes from the internet. According to the respondents, the benefit of the internet is that information is available for anyone at any time and it is updated. Another important

information source is previous experience. 11 out of 16 respondents said that they will use a service again if they were satisfied with it the last time. According to the respondents, traditional marketing material is also good information source and nowadays service providers send e-mails about their special offers. Many respondents said that if the marketing e-mail comes at the right time, it is possible that they will at least ask for an offer from the company.

Sometimes companies want to organize an event in a new location and then it is very important to get recommendations from another company, friend or a colleague. Seven out of 16 respondents said that getting recommendations about event places from people they know is one of the best information sources. It is always good to hear if someone else has been satisfied with the service because the marketing material does not tell the potential customer how good the level of service really is. Other ways of getting information about event places according to the respondents are exhibitions and reference groups.

*The future of company events outside of the company's premises:*

Most of the respondents said that their companies try to save money from somewhere else, before cutting event organizing expenses. Companies realize that taking care of their customers and employees is important to them especially during the recession. Only one respondent said that they will not arrange any events before the economical situation gets better. Saving money from the company events is the last option for most of the companies, because they believe in long-term customer relationships.

One of the interviewees said that they have cut down event expenses a lot because business operations in Finland have reduced and most of the business operations are abroad. Nine out of 16 interviewees said that they will arrange less events and with a smaller budget in the future. Six out of 16 respondents will arrange events outside of the company premises as they have done before. On the whole, companies seem to be optimistic and have faith in a better tomorrow. Only one respondent said that she does not believe in a better future. All other interviewees said that there will be better times after this recession and they believe that their companies will organize more events in the future.

## 6 CONCLUSION

### 6.1 Research Findings

Suomen Hopealinja Oy provides freshwater cruises for private and business customers in Central Finland. This thesis concentrates on company's B-to-B customer relationships and finding out how to develop them. This research was done because Suomen Hopealinja Oy wanted to understand their B-to-B customers' and potential customers' needs better. The findings of the research show that respondents' knowledge about the services provided by Suomen Hopealinja Oy are insufficient, current customers are satisfied with the level of service, current and potential customers wish to receive more marketing material from Suomen Hopealinja Oy, respondents prefer to create long-term customer relationships with service providers, and financial situation does not have huge effect on companies event arranging.

The results of the research show that Suomen Hopealinja Oy is well-known among the respondents, but detailed information about the provided services is insufficient among both current and potential customers. None of current customers, who had used some kind of ready-made service packet, could remember the name of the packet. This means that customers do not know the services provided by Suomen Hopealinja Oy well enough. It is hard to recommend a service to another company if one does not remember the name of the product or service. According to the respondents, positive word of mouth and previous experiences are important factors, while choosing a service provider. That is why investing in more efficient promotion plan could help to reach the most beneficial customers. The situation is the same among potential customers; most of them knew that Suomen Hopealinja Oy provides inshore cruises in Tampere area, but detailed information about the services was low. Customers buy the services they want to buy and not the ones they need, so marketing the service in a right way could increase the sales of the inshore cruises.

All current customers seem to be satisfied with the service provided by Suomen Hopealinja Oy. Not all of the respondents were on the cruise, but they had not received any negative feedback from the participants. Usually, negative feedback comes directly to the event arranger, so in this case the assumption is that all participants have been satisfied with the service. It is important for the company that its' current customers are



happy, because satisfied customers are more likely to recommend the service to others and they are also more likely to use the service again. Holding on to the satisfied long-term customers creates lots of positive things to the company. For example they tend to spread positive word of mouth; they are less likely to switch to competitors; and they tend to be less expensive for the company. The reputation of a company is extremely important in service markets, because service is all they have got. This is why concentrating more on the satisfied long-term customers could increase the profitability of Suomen Hopealinja Oy.

Only three out of ten customers mentioned that they have received direct marketing material from Suomen Hopealinja Oy. Two respondents wish to get more marketing material because they are interested in learning more about the company and its services. Few respondents said that they had received some information by telephone, but none of the respondents mentioned e-mail marketing. It is possible that Suomen Hopealinja Oy is already using e-marketing, but it is not reaching the potential customers because none of them mentioned receiving e-marketing material from the company. According to the research, internet is nowadays the most important source of event places for the respondents. There is a need for more effective marketing plan for the company because potential customers have not received enough information about the company and its services.

In service business, both the buyer and the seller tend to have an interest in providing a more satisfying exchange. The challenge for the companies is to find the customers that are profitable for the company in the long run. The respondents of the research mentioned that creating long-term relationships with their service providers is in their interests and they prefer a service provider, which they have used before and whose services they have been satisfied with. Creating long-term customer relationships is important for Suomen Hopealinja Oy, because sales are seasonal and the competition is fierce in their business field. The goal of the thesis is to research Suomen Hopealinja Oy's current B-to-B customer relationships and potential customers and present some ideas how to improve their customer relationships. However, this thesis does not research how well Suomen Hopealinja Oy is creating long-term customer relationships; it just suggests that paying attention to long-term customer relationships could be

helpful for the company. In B-to-B markets, taking care of the current customers and concentrating on the first sale is important because it determines whether the pattern of repeated orders will happen or not.

Most of the respondents said that the economical situation does not have a huge effect on the arranging of the company events. This is positive for Suomen Hopealinja Oy because the need for their services will not decrease dramatically. However, many companies said that they will arrange less events with smaller budget in the future and this creates challenge for Suomen Hopealinja Oy. Listening to customers and their needs will help Suomen Hopealinja Oy to survive from this recession. Most of the respondents said that their companies try to save money from somewhere else, before cutting event organizing expenses. Companies realize that taking care of their customers and employees is important to them especially during the recession. It is positive that almost all of the respondents seem to be optimistic about the future and they believe that their companies will organize more events in the future.

## 6.2 Suggested Improvements for Suomen Hopealinja Oy

One of the goals of the thesis is to give some suggestions to Suomen Hopealinja Oy how they could improve the level of the service among their B-to-B customers. According to the research, the current customers of Suomen Hopealinja Oy are satisfied with the level of the service and it was hard for the respondents to come up with improvement ideas. However, few improvement ideas came up in the research and those are presented below. Another goal of the thesis is to find out how well current and potential customers are aware of the services of Suomen Hopealinja Oy. That is where Suomen Hopealinja Oy has more work to do because detailed information about the services seems to be insufficient. Customers buy services they want to buy and not the ones they need, so concentrating on more effective B-to-B communication plan could increase the sales of the cruises.

Most of the improvement ideas by the respondents are mainly just details which Suomen Hopealinja Oy should check that are already working. Details on the check list are; language skills of the employees, flexibility of the timetables, offering more options instead of regular cruises, and the cleanliness of the motor ships. It is possible that these

details are already working, but it is suggested to check out if there is a need to improve them. One of the customers said that they had had problems with music equipment onboard. She did not know precisely what the problem was, but she hoped that there would not be any problems with them in the future. It is possible that this problem has occurred only one time, but making sure that everything works before starting the cruise and maintaining regularly all machines onboard will make sure that this will not happen again. Three of ten current customers mentioned the need of smaller motor ships. Current customers do not always have that many participants for the cruise, so renting a whole boat is too expensive. Suomen Hopealinja Oy should consider buying a smaller motor ship, but maybe marketing the possibility to reserve a table from regular cruises for smaller companies could help to meet the customer need.

According to the respondents, their knowledge about the services provided by Suomen Hopealinja Oy are insufficient. Current and potential customers know Suomen Hopealinja Oy and that they provide inshore cruises, but detailed service information is weak. One of the current customers even hopes to get more direct marketing material, because it is a good way to keep in touch with the customers and reminding them what the company has to offer. Even though the respondents are wishing for more direct mail, nowadays a lot of information is gathered from the internet, so focusing on better e-marketing material could improve the profitability of the company. E-marketing material tends to be also less expensive than regular direct marketing material, so new e-marketing plan could help Suomen Hopealinja Oy to cut some marketing expenses.

Suomen Hopealinja Oy should market their services more, but at first they should make sure that they know which their target groups are. Communication with the customers is important for Suomen Hopealinja Oy, because in B-to-B markets companies are willing to create long-term customer relationships with their suppliers and long-term customer relationships tend to be more beneficial for the company in the long run. It is suggested for Suomen Hopealinja Oy to do some further research, which are their most beneficial customers and to create a dialogue with them. This can help Suomen Hopealinja Oy to meet their customer expectations even better than they do at the moment and this way to create long-term customer relationships. This ensures the future success of the company.

The findings of the thesis suggest that Suomen Hopealinja Oy should do some further research of their current customer relationships. Their current customers are satisfied, but Suomen Hopealinja Oy should find out how they could get more out of their customer relationships and create even closer relationships with their key customers. The thesis suggests that creating long-term customer relationships with the most beneficial customers will help Suomen Hopealinja Oy to improve their business operations in the future. The suggestions may be used in improving the business operations of Suomen Hopealinja Oy.

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## APPENDICE

### Appendix 1

#### Terminology

*Barriers to entry* Factors that restrict the entry of new companies into an industry or market (businessdictionary.com, 2010)

*Business to business (B-to-B)* means trading between companies (businessdictionary.com 2010)

*Capital-intensive business* is a company that requires large investments in capital assets. (Bovée & Thill 2001, 4).

*Company image* is a mental picture that comes to the customer when a company's name is mentioned. It can change from positive to negative and companies try to enhance their image by various advertising tactics. (businessdictionary.com 2010)

*Competitive advantage* is a dominance gained by a company when it provides the same value as its competitors but at a lower price, or can charge higher prices by providing greater value through differentiation (businessdictionary.com 2010)

*Customer focus* means that a company tries to understand the customer needs and by meeting them to increase the customer satisfaction (Best 2005, 24)

*Customer service* is a series of activities that is offered to the customers to support the company's core products at the time of sale. Adds value to the core product and the goal is to build long-term customer relationships. (businessdictionary.com 2010)

*Goods-producing businesses* are companies that manufacture tangible products (Bovée & Thill 2001, 4).

*Heterogeneity* is one of the four main characteristics of a service. It means that no two services are alike. There is a variation from day-to-day or from customer-to-customer. (businessdictionary.com 2010)

*Inseparability* is one of the four main characteristics of a service. It means that services are inseparable from their means of production and from the customer's experience of them. (businessdictionary.com 2010)

*Intangibility* is one of the four main characteristics of a service. It is often used to describe services where there isn't a tangible product that the customer can purchase, that can be seen, tasted or touched (businessdictionary.com 2010)

*Labor-intensive business* is a company in which labor costs are larger than capital costs. (Bové & Thill, 2001, 4).

*Lifetime value of the customer* is the net profit one receives from a customer during the time that the customer buys from the company (Whalley, Headon, O'Connor, and Darren 2001, 15).

*One time sale tactic* is when company concentrates on one-time selling instead of creating a relationship with the customer (Bové & Thill, 2001, 283).

*Perishability* is one of the four main characteristics of a service. It means that services cannot be produced and inventoried before consumption. Services exist only at the time of consumption. (businessdictionary.com 2010)

*Personal Selling* is oral communication with the potential customer with an intention of making a sale (businessdictionary.com 2010)

*Relationship Marketing* focuses on developing long-term relationships with customers, suppliers, and distributors (Bové & Thill, 2001, 283).

*Sampling bias* is a systemic inaccuracy in sampled data due to the characteristics of sampling techniques (businessdictionary.com 2010)

*Service businesses* are companies that provide intangible products or perform useful work on behalf of another (Bové & Thill, 2001, 4).

*Win-win situation* a relationship marketing tactic that aims the mutual benefit of seller and buyer (Egan, 2001, 17)



*Word of mouth marketing* means oral or written recommendations by a satisfied customer. Word of mouth marketing is considered as the most effective way of promotion. (businessdictionary.com 2010)

## Appendix 2

### Questionnaire

“Olen Carita Alander ja opiskelen liiketaloutta Turun Ammattikorkea koulussa. Teen opinnäytetyötä palvelualan asiakastyytyväisyydestä ja pitkäaikaisten asiakassuhteiden säilyttämisestä. Toimeksiantajani on Suomen Hopealinja Oy. Olisiko Teillä hetki aikaa vastata muutama kysymykseen?”

1. Onko Suomen Hopealinja Oy:n tarjoamat palvelut teille tuttuja? Oletteko käyttäneet niitä viimeisen vuoden aikana?

Tämän kysymyksen jälkeen jaoin vastaajat asiakkaisiin ja ei asiakkaisiin.

Ei asiakkaat:

”Suomen Hopealinja Oy on sisävesivarustamo, joka liikennöi Hämeenlinnan, Valkeakosken ja Tampereen välisellä vesialueella. Yhtiö tarjoaa sisävesiristeilyjä niin yritys- kuin yksityisasiakkaillekin.”

2. Kuinka paljon tiedätte Suomen Hopealinja Oy:n tarjoamista palveluista? Tiesittekö, että Suomen Hopealinja Oy tarjoaa tapahtumaanne kokonaisratkaisun, joka sisältää tarjoukset, kuljetukset laivalle, risteilyn, juomat, ruokailun, ohjelman, esiintyjän, paluukuljetuksen sekä avustaa tarvittaessa majoituksen järjestämisessä?
3. Järjestättekö yhtiön tilaisuuksia muissa kuin yhtiön omissa tiloissa? Millaisia tilaisuuksia?
4. Missä ja kuinka usein järjestätte tilaisuuksia?
5. Mitkä seikat vaikuttavat tilaisuuksien järjestämispaikan valintaan?
6. Mistä saatte tietoa järjestämispaikoista?
7. Järjestättekö jatkossa yhtiön tilaisuuksia jossain yhtiön ulkopuolella olevassa tilassa? Miltä näyttää tulevaisuus yleisesti tällaisten tilaisuuksien järjestämisen suhteen?

Asiakkaat:

2. Millaiseen tilaisuuteen käytitte palvelua? Millainen kokonaisuus ratkaisupaketti teillä oli? Tiesittekö Suomen Hopealinja Oy:n räätälöinti palvelusta?
3. Olitteko tyytyväisiä saamaanne palveluun? Vastasiko palvelu odotuksianne?
4. Onko teillä kehitysideoita miten palvelua voitaisiin entisestään kehittää?
5. Tuletteko käyttämään Suomen Hopealinja Oy:n palveluja uudestaan? Miksi tai miksi ette?
6. Järjestättekö jatkossa yhtiön tilaisuuksia jossakin yhtiön ulkopuolisessa tilassa? Miltä näyttää yleisesti tulevaisuus tällaisten tilaisuuksien järjestämisen suhteen?

”Kiitos paljon ajastanne ja oikein hyvää talven jatkoa!”